

**MINUTES OF REGULAR MEETING
ILLINOIS GAMING BOARD
JANUARY 19, 2000
CHICAGO, ILLINOIS**

NOTE: ITEMS IN **BOLDFACE PRINT** REFLECT OFFICIAL BOARD ACTIONS

The Illinois Gaming Board ("Board") held its Regular Meeting on January 19, 2000 in the auditorium on the 5th floor of the State of Illinois Building, Chicago, Illinois, pursuant to the Illinois Open Meetings Act, 5 ILCS 120.

The following Board Members were present: Gregory C. Jones, Chairman; and Members, Joseph A. Lamendella, Stuart P. Levine and Staci M. Yandle.

Also in attendance were: Administrator Sergio E. Acosta, Deputy Administrators Joseph Haughey, Allan McDonald, and Thomas Swaik, Chief Legal Counsel Mareile' Cusack, other members of the staff, the media, the general public and interested parties.

Chairman Jones called the meeting to order at 9:30 a.m. Member Lamendella moved **that the Board retire to Closed Session pursuant to Section 2(c), paragraphs (1), (4), (11), (14) and (21) of the Open Meetings Act, to discuss the following subject matters:**

- 1. Issues Concerning Applicants and Licensees**
- 2. Recommendations of Administrative Law Judges**
- 3. Pending Litigation and Matters Involving Probable Litigation**
- 4. Investigatory Matters**
- 5. Personnel Matters**
- 6. Closed Session Minutes**

Member Levine seconded the motion. The Board adopted the motion by unanimous consent.

The Board convened in Open Session at 1:15 p.m.

Chairman's Report

Chairman Jones stated that Governor Ryan asked him to assume the role of Chairman of the Board. He assured the public of the Board's commitment to vigorously protect and maintain the integrity of casino gambling in the state. The Chairman thanked former Chairman Robert Vickrey for his dedication throughout his eight-year tenure. He also stated that Marianne Floriano, Public Information Officer, resigned effective January 14, 2000. The Chairman stated that Marianne was a wonderful spokesperson and will be greatly missed.

Chairman Jones stated that at the November 30, 1999 Board meeting, he abstained from voting on the motion regarding the transfer of ownership from Empress Casino to Horseshoe Gaming. He stated that he abstained to avoid any appearance of impropriety or bias. The Chairman stated that his concern was based solely upon his professional relationships with attorneys representing Horseshoe Gaming, Messrs. Anton Valukas and Charles Sklarsky. To avoid this situation in the future, Chairman Jones stated that he would not accept future client referrals while serving as a member of the Board.

Chairman Jones reported that:

1. The Board will convene a special Board meeting to consider issues of problem gambling. He invited members of the public and the industry to submit to the Administrator any reports or studies that may be relevant to the issue. A date for the meeting will be announced in the near future.
2. The Board continues to be involved in pending litigation with Lake County Riverboat, LP ("LCRB, LP") in relation to the constitutionality of the recent amendments to the Riverboat Gambling Act.
3. The Board has agreed to not consider the Emerald Casino application at this meeting. He stated that the Board has also agreed to provide specific notice to LCRB, LP prior to consideration of Emerald's application for renewal and relocation during the pendency of the litigation.
4. The investigation of the Key Persons associated with Horseshoe Gaming is on going and the Board is not prepared to comment on the pending investigation.

Chairman Jones invited other Board members to comment on any other issues of concern.

Member Lamendella stated that propriety, openness and fairness all will proliferate through the observance of procedural safeguards, which is a mission of the Board. He stated that as long as gaming exists in Illinois, he suggest that all parties try to achieve a level of understanding, courtesy and cooperation as regards issues of common concern.

Administrator's Report

Administrator Acosta reiterated that Marianne Floriano resigned effective January 14, 2000. He stated that Marianne did an outstanding job working with the press. He stated that he is in the process of identifying a replacement for this position.

The Administrator stated that the Senate Committee on Police Services issued its final report. He stated that staff would be giving careful consideration to all of the recommendations made by the Committee.

Public Commentary

Renee Lettieri informed the Board that her brother is a compulsive gambler. She expressed her deep concern for her brother and the affect his gambling is having on her entire family. Ms. Lettieri asked the Board to assist in making the public aware of the negative side of gambling.

Chairman Jones invited Ms. Lettieri to provide any materials to the Administrator for inclusion at the special meeting on issues surrounding problem gambling.

Gerald E. Forshey, Ph.D., a retired professor of the City Colleges of Chicago addressed the Board. Dr. Forshey stated that this Board has to face some critical decisions which will determine whether the public will trust them. He stated that the Board must reassert itself in the name of the public interest and reject the newly named Emerald's license. Dr. Forshey stated that by the Board granting the acquisition of Empress Casino by Horseshoe Gaming a case was made for the appearance of impropriety. He stated that this decision gives the appearance that the Gaming Board is regulating the public for the interest of the gambling enterprises. He suggested that the Board rescind the action taken to approve the acquisition. Mr. Forshey stated that the Gaming Board must adhere to a higher standard in order to keep the public trust.

Tom Grey, representing the National Coalition Against Legalized Gambling, thanked the Chairman for stating his reason for abstaining in the decision of the acquisition of Empress Casino by Horseshoe Gaming. Mr. Grey cautioned the Board on taking further action on proposals by licensees until the court case is complete. He asked the Board to listen to its staff on how best to accomplish its goals and to move cautiously in the future. Mr. Grey suggested that the vacant position on the Board be filled with a person with a good ear for the negative side of gaming. He suggested a recovered pathological gambler that has good credentials.

Nancy Duel, representing the Anti-Gambling Task Force, urged the Board to deny the acquisition of Players International, Inc. by Harrah's Entertainment. Ms. Duel alleges that Harrah's has an extremely pervasive marketing system that entices frequent gamblers to play more and lose more. She stated that the Gaming Board needs to provide some protection to compulsive gamblers and to help eliminate some of the pain that gambling expansion is causing.

Peter Bensinger, representing Bensinger, DuPont & Associates ("BDA"), gave a presentation on the initiatives in prevention, education and help line services aimed at reducing problem and compulsive gambling in the State of Illinois. He stated that since 1996, the Illinois Casino Gaming Association ("ICGA") has retained his firm to provide assessment, referral and counseling for problem gamblers in Illinois. The ICGA funding

has greatly expanded the network of treatment professionals qualified to assist problem gamblers and their families through statewide training programs.

Member Lamendella asked if BDA is not-for-profit. Mr. Bensinger stated that in August, 1982 he along with Dr. Robert DuPont formed an Illinois based corporation that is for profit. The company has offices in Washington, Chicago, Little Rock and San Diego.

Mr. Bensinger offered the following information:

- The ICGA voluntarily funds a 24-hour, seven day a week counseling Help Line (1-800-GAMBLER).
- BDA staff are all masters degreed counselors who also provide Compulsive Gambling Help Line services for callers located in the State of California and New Jersey.
- Help is available for anyone who needs it in over 150 languages.
- Since February 1996, BDA has managed over 13,700 calls and spoken with over 7,000 individuals requesting assistance with a compulsive gambling issue.
- In the past year, 677 professional counselors were trained at 22 different all day seminars across Illinois.
- An additional 14, all day training programs, are scheduled through August of the year 2000.
- Over 30,000 1-800-GAMBLER palm cards were printed in English and other languages in 1999.
- 950 Quality Assurance surveys were sent to callers one month after help line contact. 220 surveys were received, reflecting a 99% satisfaction rate.
- On going follow-up continues with callers over 3, 6, 9 and 12-month periods to monitor their progress, participation in self-help groups, and abstinence from gambling.

Mr. Bensinger pleaded with the media and to the Board to assist in better public awareness. He stated that his company has sent out public service announcements to the media and networks and the tapes have not been played. Chairman Jones asked if more resources are needed to get the public service announcements played. Mr. Bensinger stated that the ICGA, in the absence of any action by the media and networks, would contribute to financing this project. He also suggested any funds from the state should be used for public service announcements and treatment resources.

Member Lamendella asked how BDA's signage gets on the riverboats. Mr. Bensinger stated that the individual licensees pay for the signs. He distributed samples of palm cards to the Board that are placed at various locations around the riverboats and pavilions.

Chairman Jones asked if Mr. Bensinger had an estimate of the number of problem or addicted gamblers. Mr. Bensinger stated that there are studies and surveys that range from two to five percent of the population. But he could not scientifically document it.

Member Yandle asked how effective it is to refer someone to a private counselor and is it cost prohibitive. Mr. Bensinger stated that he believes there should be treatment for anyone regardless of his or her ability to pay. Member Yandle asked if callers are referred to private counselors and/or Gambler's Anonymous ("GA"). Mr. Bensinger stated that his counselors will always give the location of a GA meeting. He stated that sometimes a private therapist is needed because an addiction can be a symptom of some other problem.

Marie Apke, Director of Clinical Services at BDA, stated that historically in dealing with any addiction the combination of both a 12-step group and therapy is the most effective approach to dealing with addictions.

Chairman Jones asked if Mr. Bensinger has identified causative factors or certain common features of a person that can be identified so as to be proactive. Mr. Bensinger stated that sometimes there are characteristics with addictive behaviors that can range from a change in behavior to non-visible signs. He stated that the compulsive gambler is trying to escape from reality and goes through four phases.

1. Gambling for entertainment.
2. Gambling becomes a matter of his or her choice and programmed activity.
3. Gambling becomes the most important thing he or she does in a given day.
4. The person has to gamble even in the face of losing money, or missing appointments, work or family activities.

Member Yandle commented that in materials submitted for the special meeting specifically on the issue on the counseling referrals, if BDA could address the breakdown or percentage of the community resources versus the private counseling resources in terms of what is available and what is accessible.

Monthly Performance Report

Deputy Administrator Swoik summarized the monthly statistical reports for December AGR and patron counts. He reported that the December AGR was \$124.2 million bringing the total AGR since dockside gambling began in June to over \$758 million. Admissions for the 1999 calendar year have increased by 21.7 percent over the preceding calendar year. Mr. Swoik stated that the state's share of taxes for the 1999 calendar year was 28 percent above 1998. The local share (in 1999) increased by approximately 12.5 percent over 1998.

Owner Licensee Items

CASINO ROCK ISLAND ("CRI") – Donna B. More, representing CRI, requested initial consideration for a transfer of ownership of some of the ownership interest of Mr. D. James Jumer, the majority owner in CRI, to each of his three children. Ms. More stated that currently each of his children own a portion of the shares and have all been approved as Key Persons.

SOUTHERN ILLINOIS RIVERBOAT CASINO CURISES, INC. ("SIRCC") – Michael Ficaro, Karen Wosnack and Michael Crider representing SIRCC, requested initial consideration for renewal of SIRCC's license.

Member Lamendella asked what SIRCC will do if the Harrah's acquisition is not approved. He asked if SIRCC is prepared to continue with the operation of the facility. Mr. Ficaro stated that the operation would continue in the same successful manner, as it has to date and the transition would include the majority of the same personnel. He stated that SIRCC is a publicly traded company and it is sensitive to talk about such issues. Mr. Crider stated that business is good and SIRCC is working hard to maintain its level of service and will continue to operate regardless of the outcome of the acquisition.

HARRAH'S CASINO JOLIET ("Harrah's") – Tom O'Donnell, representing Harrah's, requested initial consideration of its \$70 million capital improvement project. The project includes conversion of two vessels to a gaming barge, improved food & beverage amenities, retail space, a new parking deck, new façade and porte cochere.

Mr. O'Donnell stated that the new gaming barge will be 200' x 200' (40,000 square feet). The existing basin will be transformed into a coffer cell enabling the continuation of the City of Joliet's riverwalk. He stated that the plans call for a 250-seat buffet and 4,000 square feet of leaseable retail space to be built along the ground level of the parking garage. The parking deck will be five stories containing 922 spaces. A climate-controlled skywalk will connect the garage to the new pavilion area and the new valet and porte cochere will separate hotel arrivals from day trip arrivals.

Mr. O'Donnell stated that the project investment totals approximately \$70 million and Harrah's minority partner will fund 20 percent of the project. The project will start in the first quarter of 2000 with overall completion scheduled for late first quarter 2001.

Member Lamendella asked if Harrah's plans contain contingencies to allow for the possibility of the current legislation being declared invalid. Mr. O'Donnell stated that Harrah's does have contingencies and that some of the project would continue as planned.

Administrator Acosta asked if Harrah's has had contact with the Department of Natural Resources. Mr. O'Donnell responded yes.

HARRAH'S/PLAYERS – George Loveland, John Janicik and Tim Wilmott came forward to represent Harrah's. Mr. Loveland stated that the merger transaction between Harrah's and Players International, Inc. ("PII") has a prescribed closing date of January 31, 2000. He stated that the closing would not occur because the State of Louisiana has pushed its approval of the transaction to February. Mr. Loveland stated that the parties have not agreed to a subsequent closing date. Harrah's is awaiting resolution of matters in the State of Louisiana. The hearing date in Louisiana is scheduled for February 15.

Member Lamendella expressed his concern for the 800 employees in Metropolis if the legislation is declared to be invalid and the operation is shut down. Mr. Loveland stated that Harrah's is following the law as it exists. He stated that Harrah's is willing to take the risk and he does not feel if the law is found unconstitutional that the court will force the operation to be shut down immediately. Mr. Loveland stated that Harrah's plans on investing \$30 million in the Metropolis operation.

EMPRESS CASINO JOLIET ("Empress") – Ted Graham, representing Empress, requested approval of Barbara Jo Hiller as its Internal Audit Manager.

Member Yandle moved **that the Board approve Barbara Jo Hiller as a Level 1 Occupational Licensee of Empress Casino Joliet.** Member Lamendella seconded the motion. The Board approved the motion unanimously by voice vote.

CASINO ROCK ISLAND ("CRI") – Donna B. More, representing CRI, requested approval of Margaret Holmes as its Slot Manager.

Member Levine moved **that the Board approve Margaret Mary Holmes as a Level 1 Occupational Licensee of Casino Rock Island.** Member Yandle seconded the motion. The Board approved the motion unanimously by voice vote.

PAR-A-DICE GAMING COMPANY – Donna B. More, representing PGC, requested approval of Carl Guerry as its Director of Security.

Member Yandle moved **that the Board approve Carl A. Guerry as a Level 1 Occupational Licensee of Par-A-Dice Gaming Company.** Member Lamendella seconded the motion. The Board approved the motion unanimously by voice vote.

Occupational Licenses

Member Yandle moved **that the Board approve 38 applications for an Occupational License, Level 2, and 26 applications for an Occupational License, Level 3. The Board, however, directs staff to contact the three pending applicants for occupational licenses to notify them of possible future Board denials concerning their application.** Member Lamendella seconded the motion. The Board approved the motion unanimously by voice vote.

Administrative Hearings/ALJ Reports

Chief Counsel Cusack stated that Charles Kite, an occupational licensee, withdrew his request for a hearing in the middle of the proceedings. Staff is requesting that the Board enter a final denial of his occupational license.

Having reviewed the stipulation agreement offered by Charles Kite, Member Yandle moved **that the Board issue a final denial of Mr. Kite's occupational license.** Member Lamendella seconded the motion. The Board approved the motion unanimously by voice vote.

Chief Counsel Cusack asked that the hearing request submitted by Jon Zukovich be denied due to his failure to comply with Board Rule 3000.405.

Pursuant to Board Rule 3000.405, Member Levine moved **that the Board deny the hearing request submitted by Jon Zukovich and enter a final denial of Mr. Zukovich's occupational license.** Member Yandle seconded the motion. The Board approved the motion unanimously by voice vote.

Board Policy Items

RULEMAKING – Chief Counsel Cusack stated that over the past several years staff has attempted to submit legislation that would enable the Board to appoint a receiver in certain circumstances. She stated that the legislative package has never gone anywhere. Ms. Cusack stated that staff has re-examined its authority under the Act and believes the Board has the authority to enact a rule that would allow the Board to petition the circuit court where the licensee may be located to appoint a receiver in certain selective circumstances such as a license that has been suspended, revoked or not renewed or the licensee has returned its license to the Board. Ms. Cusack requested that the Board approve the filing of the rule as a first notice, subject to revision of the rule and redistribution of the rule to the individual Board members prior to the submission of the rule as first notice.

Member Yandle moved **that the Board authorize the first notice filing of Board Rule 3000.238 with the Secretary of State. This authority is subject to the staff making certain revisions to the proposed rule and redistributing the revised rule to the Board members for their individual approval prior to the submission of the rule for first notice.**

Member Lamendella commented that in looking at the Administrative Procedures Act the Board can do some fine tuning or incorporate that the receiver be required to be a professional management entity pre-approved by the Board.

Member Lamendella seconded the motion. The Board approved the motion unanimously by voice vote.

BOARD COMMITTEES (Of One) – Chairman Jones reported that the Board is currently discussing appointing one member of the Board to meet with staff on issues of interest to a Board member.

Member Lamendella stated that the Open Meetings Act imposes that when two members of the Board communicate it is a quorum. Because of this rule, he suggests a Board member be chosen to meet with staff where important matters are discussed. A report would then be sent to the remaining Board members.

Member Yandle asked how it would be determined which issues will be subject to the Board Committee (Of One). Member Lamendella stated that members could discuss issues with staff or the selection could be made during the open session of a Board meeting.

Administrator Acosta stated that staff feels this is an outstanding idea. It would give staff an opportunity to work on important issues on behalf of the Board with the guidance of a Board member. Chief Counsel Cusack concurred with the Administrator.

Member Yandle stated that within the perimeters of the process, the staff's determination of a need of a committee be part of the process.

There being no further business to come before the Board, Member Yandle moved **to adjourn the public session to reconvene in Closed Session pursuant to Section 2(c), paragraph (1) of the Open Meetings Act to discuss personnel matters.**

Member Lamendella seconded the motion. The Board approved the motion unanimously by voice vote and adjourned at 3:10 p.m.

Respectfully submitted,

Susan O. Weber
Secretary to the Board